

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7953

BILL NUMBER: SB 524

NOTE PREPARED: Jan 12, 2005

BILL AMENDED:

SUBJECT: Tax Sales and Redevelopment.

FIRST AUTHOR: Sen. Wyss

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill allows counties and municipalities to adopt additional qualifications and conditions for tax sales, including requirements for: (1) prequalification of bidders; (2) minimum bid requirements; and (3) the combination of properties into bid packages that will be sold together. It provides that the purchaser of a certificate of sale at a tax sale may enter the property at a reasonable time to: (1) inspect the property; (2) perform reasonable repairs or rehabilitation on the property; and (3) perform any act necessary to abate a public nuisance. The bill provides that the expenditures made by the purchaser in taking these actions are included in the cost of redeeming the property.

The bill also allows the designation of an alternate purchaser to whom the certificate of sale shall be sold if the highest bidder fails to pay the bid. It provides that certain costs of enforcing the unsafe building law for a particular property become a lien on the property of an officer, a manager, or a director of the property owner or a shareholder, a partner, a member, or another person owning more than a 10% interest in the property owner. It also provides that in certain eminent domain proceedings initiated by a redevelopment commission, the determination of the fair market value of the property must take into account certain costs and factors.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Tax Sales:* Allowing cities and counties to establish qualifications for

the sale of property for which taxes are delinquent could potentially cause more properties to be sold at their first sale. The bill also allows for the second runner-up bidder to purchase such property if the original purchaser can not complete the sale. This too may help reduce the number of such properties that must be put up at multiple tax sales before being sold, which could help reduce administrative expenditure related to holding the tax sale. This provision could also lead to such properties being placed back on the property tax rolls more promptly.

Eminent Domain Proceedings: The bill also includes various expenses, such as fees and permits, and specific conditions that must be included in an appraisal that is made for the purpose of an eminent domain proceeding. Such factors could affect a property's fair market value. The fiscal impact of the provision will vary depending on the difference in appraised values.

Explanation of Local Revenues: See *Explanation of Local Expenditures*.

State Agencies Affected:

Local Agencies Affected: Counties, cities, county and township redevelopment commissions, Marion County Redevelopment Commission.

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.